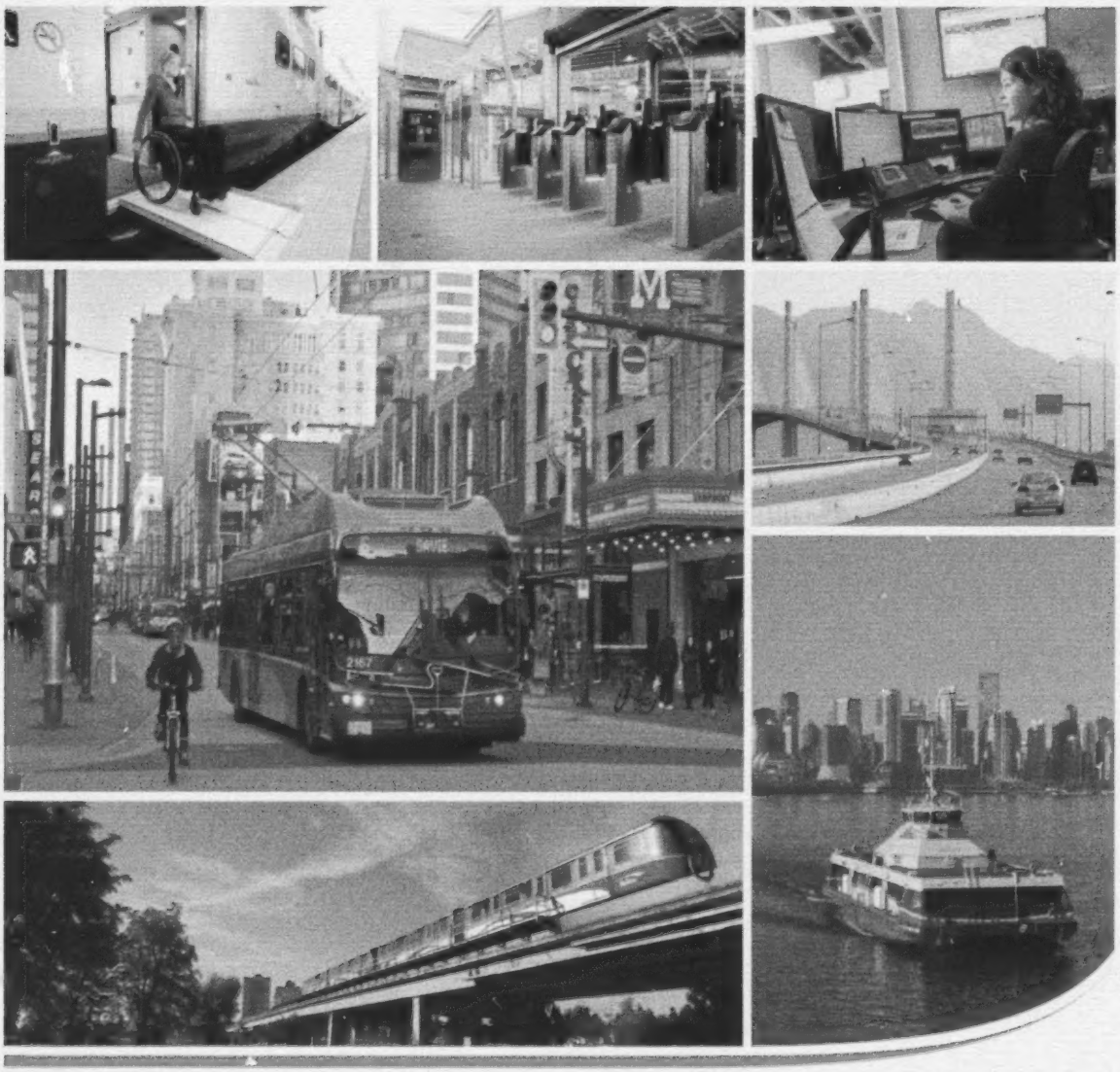
2013 SECOND QUARTER FINANCIAL AND PERFORMANCE REPORT



TRANSLINK

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Caution Regarding Forward-Looking Statements

From time to time, TransLink makes written and/or oral forward looking statements, including in this document, and in other communications. In addition, representatives of TransLink may make forward-looking statements orally to analysts, investors, the media and others.

Forward-looking statements, by their nature, require TransLink to make assumptions and are subject to inherent risk and uncertainties. In light of the uncertainty related to the financial, economic and regulatory environments, such risks and uncertainties, many of which are beyond TransLink's control, and the effects of which can be difficult to predict, may cause actual results to differ materially from the expectations expressed in the forward-looking statements.

1. Financial and Performance Summary

TransLink's second quarter results demonstrate that the transportation authority continues to perform well and under budget despite revenue challenges. Strong financial management, extensive cost-saving measures and success in meeting aggressive efficiency goals are resulting in better than forecast performance in 2013, all while customer satisfaction holds steady at an all-time high. This has resulted in a $10.8 million operating surplus and a customer satisfaction rating of 7.7 out of 10. TransLink is forecasted to balance expenditures with revenues for 2013.

TransLink continues to maximize the use of resources to deliver more than one million rides each day in the transit network and help maintain a network of roads and bridges used to move people and goods efficiently through the region. Given that TransLink's principle sources of revenue are limited by statute (in the case of transit fares and property taxes) or in actual decline (in the case of fuel tax revenue), the major challenge for TransLink will be to extend TransLink's success in improving service through efficiencies. There is a demand for more of our services which we cannot respond to until there is agreement on new ways to pay.

The Regional Transportation Strategy – a 30-year long-range plan – is under development and early indicators support the economic benefits of investment and the quality-of-life benefits of investment in public transportation combined with managing our system for optimal performance. The Regional Transportation Strategy strategic framework was consulted on and approved.

The organization is ready for the Compass "beta" test with an overwhelming response from the public to participate.

TransLink continuously monitors its risks from economic factors as well as organizational and business changes and will adjust programs or draw on its cumulative reserve to protect service delivery for its customers.

Strategy Focus and Highlights

TransLink's balanced scorecard approach supporting its business planning process uses five strategic goals to align the organization: customer, financial, stakeholder, people, and internal effectiveness. For 2013, five strategic objectives have been identified to support these goals.

Meet our customers' expectations in the implementation of Compass Card and Infrastructure upgrades

The Compass pilot began in the summer with testing conducted by the supplier. Public enthusiasm for the new system is evident with over 15,000 applications to participate in the public "beta" test. The beta test is scheduled to commence in September. Following testing of the system, adjustments will be made allowing for a gradual transition to commence in late fall and carry on through to completion in 2014.

Public education and communications plans have been developed to ensure customers and stakeholders are well informed of the new system, and implementation plans.

Manage within our financial framework

Operational savings have increased over the base plan and efforts continue on managing costs and increasing revenue. Additional revenue is being derived from real estate development on adjacent properties to our rapid transit lines.

Increase stakeholder confidence in TransLink's ability to efficiently deliver and manage the regional transportation system

TransLink is performing well and demonstrating its effectiveness to our key stakeholders. We are actively engaging our partners in the development of our plans as well as our strategies to improve our services.

Actively engage employees to plan, fund, build and operate a sustainable transportation network

We are supporting our employees to develop the skills required to manage in these times of change.

Improve efficiency and utilization of our resources

Operating efficiencies have been realized in the bus division and further efficiencies will be undertaken in the second half of 2013 including changes related to the 2013 Service Optimization Initiative. The upgraded automatic train control system in the rail division is enabling the rail division to improve utilization at existing capacity.

2. Financial and Operating Summary

FINANCIAL PERFORMANCE

THREE MONTHS ENDING JUNE 30

(all numbers in thousands except per unit calculations)

			Year over Year			Budget Variance		
	YTD Actual 2012	YTD Actual 2013	Change	%	YTD Budget 2013	Fav./ (Unfav.)	%	Annual Budget 2013
Revenue	713,285	702,954	(10,331)	(1.4%)	703,836	(882)	(0.1%)	1,467,872
Expenditures	672,392	692,117	19,725	2.9%	732,235	40,118	5.5%	1,532,359
Excess (deficiency) of revenue over expenses	40,893	10,837	(30,056)	(73.5%)	(28,399)	39,236	138.2%	(64,487)
FINANCIAL INDICATORS								
Cumulative funded surplus [1]	307,493	303,091	(4,402)	(1.4%)	263,524	39,567	15.0%	215,117
Capital assets	4,408,286	4,434,543	26,257	0.6%	-	-	-	4,778,077
Net debt [2]	1,853,179	1,961,168	(107,989)	(5.8%)	-	-	-	2,174,199
Deferred concessionaire credits and GEB contractor liability	1,680,430	1,669,612	10,818	0.6%	-	-	-	1,663,911
Total net debt [3]	3,533,609	3,630,780	(97,171)	(2.7%)	-	-	-	3,838,110
Gross interest cost as a % of operating revenue [4]	15.1%	14.3%	(0.8%)	(5.3%)	-	-	-	14.0%

[1] The cumulative funded surplus as calculated under the SCBCTA Act is the amount of resources available to fund future operations.

[2] Includes bonds, debentures, capital leases, short-term debt net of sinking funds and debt reserve deposits.

[3] Net debt + deferred concessionaire credits and GEB contractor liability.

[4] Operating revenue includes fares, taxation, and GEB toll revenue.

Financial Performance and Indicators

Q2 2013 results include an increase to property taxes permitted by legislation, two cents per litre increase to fuel tax implemented in April 2012, and an increase in transit fares effective January 1, 2013. The first half of 2012 included a $41 million gain on disposal of real estate, with this factored out, revenues are up $30 million from the prior year. Year to date revenues are $0.9 million lower than budget.

Expenditures are $40.1 million (5.5 per cent) favourable to budget, largely due to the timing of capital infrastructure payments and savings realized from cost containment initiatives throughout the organization.

OPERATING INDICATORS

THREE MONTHS ENDING JUNE 30
(all numbers in thousands except per unit calculations)

	YTD Actual 2012	YTD Actual 2013	Year over Year Change	Year over Year %	YTD Budget 2013	Budget Variance Fav./ (Unfav.)	Budget Variance %	Annual Budget 2013
Scheduled Transit Service								
Overall Performance Rating (out of 10)	7.7	7.7	-	-	7.7	-	-	7.7
Service hours	3,168	3,089	(80)	(2.5%)	3,106	(17)	(0.6%)	6,416
Operating cost recovery	51.4%	54.5%	3.1%	6.0%	53.9%	0.6%	1.1%	49.6%
Operating cost per service hour	$ 138.59	$ 143.00	$ 4.41	3.2%	$ 146.39	$ 3.39	2.3%	$ 142.56
Complaints per 1 million boarded passengers	76.1	88.9	12.8	16.8%	70.7	(18.2)	(25.7%)	74.3
Capacity kilometres	5,343,946	5,251,062	(92,884)	(1.7%)	5,167,833	83,229	1.6%	10,845,599
Operating cost per capacity kilometre	$ 0.082	$ 0.084	$ 0.002	2.4%	$ 0.088	$ 0.004	4.5%	$ 0.084
Access Transit Service								
Service hours	298	304	5	1.8%	297	6	2.1%	598
Operating cost per service hour	$ 80.05	$ 80.11	$ 0.06	0.1%	$ 82.81	$ 2.70	3.3%	$ 80.67
Complaints per 1 million boarded passengers	946.5	924.3	(22.2)	(2.3%)	849.1	(75.2)	-	790.1
Golden Ears Bridge								
Crossings	5,167	5,367	200	3.9%	5,448	(81)	(1.5%)	11,523
Average toll per crossing	$ 3.57	$ 3.48	$ (0.09)	(2.6%)	$ 3.55	$ (0.07)	(2.0%)	$ 3.48

Operating Indicators

Overall performance rating continues at an all-time high.

Scheduled Transit Service (Conventional)

Service hours are lower than last year reflecting less weekday service days than 2012.

Complaints are up from last year however it is now trending more positively this year.

Capacity kilometres are lower in 2013 reflecting a change in the fleet mix to better match capacity with demand.

Operating cost per capacity kilometre are lower than budget due to cost reductions and initiatives.

Access Transit Service

Service hours are expected to be on budget at the end of the year.

3. Consolidated Statement of Operations Analysis

Consolidated Revenues

Consolidated Revenues	Q2 Actual 2012	Q2 Actual 2013	Year over Year Change	Year over Year %	Q2 Budget 2013	YTD Budget Variance Fav./ (Unfav.)	YTD Budget Variance %	Q2 Forecast 2013	Annual Budget 2013	Annual Forecast Variance Fav./ (Unfav.)	Annual Forecast Variance %
Taxation	348,905	361,031	12,125	3.5%	355,129	5,902	1.7%	729,606	721,627	7,979	1.1%
Transit	226,590	242,163	15,612	6.9%	246,145	(3,983)	(1.6%)	497,546	500,616	(3,070)	(0.6%)
Golden Ears Bridge Tolls	18,461	18,656	195	1.1%	19,353	(697)	(3.6%)	38,706	40,111	(1,405)	(3.5%)
Emissions Testing	10,426	10,286	(140)	(1.3%)	10,496	(210)	(2.0%)	19,948	20,158	(210)	(1.0%)
Transfers from other governments	40,018	41,376	1,358	3.4%	42,854	(1,478)	(3.4%)	80,859	85,905	(5,046)	(5.9%)
Amortization of deferred concessionaire credit	11,605	11,541	(64)	(0.5%)	11,417	124	1.1%	23,190	23,078	112	0.5%
Interest Income	14,434	16,343	1,909	13.2%	17,551	(1,208)	(6.9%)	33,405	36,728	(3,322)	(9.0%)
Miscellaneous revenue	1,935	1,755	(180)	(9%)	890	865	97.2%	2,383	1,713	670	39.1%
Revenue before Gain/Loss on disposal of asset	672,335	703,150	30,815	4.6%	703,836	(686)	(0.1%)	1,425,643	1,429,936	(4,293)	(0.3%)
Gain on disposal	40,949	(197)	(41,146)	-	-	(197)	-	-	13,000	(13,000)	(100.0%)
PSAB/GAAP Total	713,284	702,953	(10,331)	(1.4%)	703,836	(883)	(0.1%)	1,425,643	1,442,936	(17,293)	(1.2%)
Funding Adjustments:											
Emissions Testing	(10,426)	(10,286)	140	1.3%	(10,496)	210	2.0%	(19,948)	(20,158)	210	1.0%
Transfers from other governments	(30,080)	(31,645)	(1,565)	(5.2%)	(33,127)	1,482	4.5%	(61,199)	(66,408)	5,209	7.8%
Amortization of deferred concessionaire credit	(11,605)	(11,541)	64	0.5%	(11,417)	(124)	(1.1%)	(23,190)	(23,078)	(112)	(0.5%)
Interest Income	(12,925)	(14,222)	(1,296)	(10.0%)	(14,743)	522	3.5%	(28,449)	(29,392)	943	3.2%
Funded Total	648,248	635,260	(12,988)	(2.0%)	634,052	1,208	0.2%	1,292,857	1,303,899	(11,042)	(0.8%)

Overview

For the first half of 2013, excluding gain on disposal, revenues are $30.8 million higher than last year. This is largely driven by increases in taxation and transit revenues. Year to date revenues are $0.9 million (0.1 per cent) below budget due to lower transit revenues, transfers from other governments, and interest income which were partially offset by higher taxation revenues. At year-end it is expected that total revenues will be $17.3 million (1.2 per cent) below budget primarily caused by a delay in the sale of surplus property and lower government transfers.

Taxation

Taxation Revenues	YTD Actual 2012	YTD Actual 2013	Year over Year Change	Year over Year %	YTD Budget 2013	YTD Budget Variance Fav./ (Unfav.)	YTD Budget Variance %	Q2 Forecast 2013	Annual Budget 2013	Annual Forecast Variance Fav./ (Unfav.)	Annual Forecast Variance %
Fuel tax	160,281	167,307	7,025	4.4%	162,391	4,916	3.0%	341,569	335,136	6,433	1.9%
Property and replacement tax	152,750	157,043	4,293	2.8%	157,063	(20)	(0.0%)	314,064	314,064	(0)	(0.0%)
Parking rights tax	26,428	27,289	861	3.3%	26,086	1,203	4.6%	54,653	52,910	1,743	3.3%
Hydro levy	9,446	9,393	(53)	(0.6%)	9,590	(197)	(2.1%)	19,320	19,518	(197)	(1.0%)
Total taxation	348,905	361,031	12,125	3.5%	355,129	5,902	1.7%	729,606	721,627	7,979	1.1%

As permitted by the *South Coast British Columbia Transportation Authority (SCBCTA) Act*, TransLink raises funds by means of taxation.

Year over Year

Fuel tax revenues increased by $7 million (4.4 per cent) over 2012; this is due, in part, to a two cents per litre increase which was implemented in April 2012. Total net sales volume reported by the Consumer Taxation Branch (CTB) in TransLink's region for the first five months of 2013 were up 3.1 per cent when

compared to the same period in 2012. Gasoline volumes were down 1.0 per cent for the first five months of 2013 while diesel volumes are up 31.3 per cent year over year. The volatility in reported revenues from CTB makes it difficult to compare month to month results. Retail sales volume trends from other sources showed a 1.8 per cent decline in fuel sales volumes for the first five months of 2013 compared to the same period in 2012.

Parking rights tax year to date increased by $0.9 million (3.3 per cent) over 2012 due to increased number of paid parking lots.

Property and replacement tax revenue increased by $4.3 million (2.9 per cent) over 2012, which is the legislated allowable increase.

Actual vs. Budget and Forecast

Taxation revenues year-to-date are $5.9 million (1.7 per cent) higher than the budget and forecast to be $8 million higher at year end.

Fuel tax revenues are $4.9 million (3.0 per cent) higher than budget year to date and are forecast to be $6.4 million (1.9 per cent) higher at the end of the year. With the weakening of the Canadian dollar it is expected that there will be less fuel leakage to the US.

Parking rights tax are $1.2 million (4.6 per cent) higher than budget. The 2013 forecast for parking rights tax is forecast to be $1.7 million (3.3 per cent) above budget, continuing the positive year over year growth that has been experienced year to date.

Transit

			Year over Year			YTD Budget Variance				Annual Forecast Variance	
Transit Revenues	YTD Actual 2012	YTD Actual 2013	Change	%	YTD Budget 2013	Fav./ (Unfav.)	%	Q2 Forecast 2013	Annual Budget 2013	Fav./ (Unfav.)	%
Transit - fares											
Farebox	52,619	52,442	(177)	(0.3%)	50,515	1,927	3.8%	108,653	90,861	17,793	19.6%
Prepaid fares	125,617	137,859	12,242	9.7%	144,587	(6,728)	(4.7%)	276,655	302,080	(25,425)	(8.4%)
prepaid contract	42,485	44,911	2,426	5.7%	43,188	1,723	4.0%	97,731	91,644	6,087	6.6%
Total transit fares	220,720	235,212	14,491	6.6%	238,290	(3,078)	(1.3%)	483,039	484,585	(1,545)	(0.3%)
Transit - other	5,830	6,951	1,121	19.2%	7,855	(904)	(11.5%)	14,507	16,032	(1,524)	(9.5%)
Total transit revenue	226,550	242,163	15,612	6.9%	246,145	(3,983)	(1.6%)	497,546	500,616	(3,070)	(0.6%)

Year over Year

Transit revenues, consisting of all transit fares and related revenues such as transit advertising and fare infraction revenues, increased by $15.6 million (6.9 per cent) when compared to the first half of 2012. The January 1, 2013 fare increase accounts for most of this positive year-over-year gain.

Actual vs. Budget and Forecast

Transit fares are below budget by $3 million (1.3 per cent) resulting from a shift from higher revenue yielding transit fares, such as cash, into discounted fare products.

The total annual transit fare revenue is forecast to be $1.5 million (0.3 per cent) below budget due to the higher migration to discounted fare products. The budget for other transit revenues includes additional revenues from the implementation of TransLink's park and ride pricing policy. Implementation timing has been delayed from what was budgeted, resulting in a $1.5 million (9.5 per cent) reduction to forecast revenues compared to budget.

Golden Ears Bridge Tolls

Year over Year

Year-to-date toll revenues were $0.2 million (1.1 per cent) higher than the same period in 2012. Total vehicle crossings for the first six months of 2013 were approximately 3.9 per cent higher than the same period last year.

Actual vs. Budget and Forecast

Year-to-date toll revenues were $0.7 million (3.6 per cent) below budget as actual vehicle crossings were less than expected. Through the interoperability initiative between Golden Ears Bridge and the Province's new Port Mann Bridge, discounted toll rates were extended to customers with the Port Mann Bridge decal, resulting in a lower revenue growth compared to growth in crossings.

Full year toll revenues are forecast to be $1.4 million (3.5 per cent) below budget to reflect revised vehicle crossings.

Government Transfers

Seventy-five per cent of this funding is restricted to purchases of capital assets while the remainder is provincial funding towards the Canada Line operations. Revenue from capital is recognized when the asset is placed in service and if there are stipulations in the agreement for repayments over a specified time period the revenues are amortized over that period. All variances are related to timing of projects.

Interest Income

Year over Year

Interest income increased $1.9 million (13.2 per cent) over 2012. This is due to higher debt sinking funds and higher cash balances in 2013.

Actual vs. Budget and Forecast

Interest income year-to-date was $1.2 million (6.9 per cent) lower than budget due to lower than expected interest rates.

At year-end it is expected that interest income will be $3.3 million (9.0 per cent) under budget.

Funding Adjustments

Funding adjustments are the changes required to the income statement to calculate the cumulative funded surplus under the SCBCTA Act, which is defined as the amount of resources available to fund future operations.

Consolidated Expenses by Segment

Consolidated Expenditures by Segment	YTD Actual 2012	YTD Actual 2013	Year over Year Change	Year over Year %	YTD Budget 2013	YTD Budget Variance Fav / (Unfav)	YTD Budget Variance %	Q2 Forecast 2013	Annual Budget 2013	Annual Forecast Variance Fav / (Unfav)	Annual Forecast Variance %
AirCare	8,238	8,035	(203)	(2.5%)	8,465	430	5.1%	16,802	17,161	359	2.1%
Bus division	310,967	307,182	(3,785)	(1.2%)	317,005	9,823	3.1%	624,099	640,556	16,457	2.6%
Corporate	26,724	33,445	6,720	25.1%	32,725	(720)	(2.2%)	79,770	100,311	20,542	20.5%
Rail division	118,027	119,004	977	0.8%	123,265	4,262	3.5%	244,425	251,081	6,656	2.7%
Roads & Bridges	30,755	38,713	7,958	25.9%	60,477	21,765	36.0%	116,782	127,083	10,300	8.1%
Transit Police	13,095	13,793	698	5.3%	15,443	1,650	10.7%	31,172	31,224	52	0.2%
Depreciation and Interest *	164,585	171,947	7,361	4.5%	174,854	2,908	1.7%	344,283	356,985	12,703	3.6%
PSAB/GAAP Total	672,392	692,117	19,726	2.9%	732,235	40,117	5.5%	1,457,323	1,524,400	67,077	4.4%
Funding Adjustments:											
AirCare	(8,238)	(8,035)	203	2.5%	(8,531)	(496)	(5.8%)	(16,802)	(17,293)	(491)	(2.8%)
Corporate	(57)	(35)	22	37.9%	(48)	(12)	-	(97)	(101)	(3)	(3.4%)
Roads & Bridges	(6,019)	(18,459)	(12,440)	(206.7%)	(36,413)	(17,954)	(49.3%)	(71,626)	(72,825)	(1,199)	(1.6%)
Depreciation and Interest	(105,452)	(113,270)	(7,818)	(7.4%)	(115,955)	(2,685)	(2.3%)	(224,797)	(232,219)	(7,422)	(3.2%)
Debt Repayment	48,189	46,872	(1,316)	(2.7%)	46,875	3	0.0%	93,660	106,627	12,968	12.2%
GEB Capital Payments	27,033	27,274	241	0.9%	27,375	102	0.4%	95,097	95,204	107	0.2%
Funded Total	627,847	626,464	(1,382)	(0.2%)	645,539	19,074	3.0%	1,292,766	1,363,793	71,027	5.2%

* Shown as a separate line to help facilitate analysis of debt service costs as GAAP statements allocate these amounts to the various segments

Year over Year

For the first half of 2013, expenditures increased by $19.7 million (2.9 per cent) in comparison to 2012 spending. The main drivers were increases in depreciation, roads and bridges costs, and write off of sub lease costs, all offset by savings in the Bus division.

Bus Division operating expenditures were $3.8 million (1.2 per cent) lower than last year. Savings from late 2012 and 2013 cost efficiency initiatives offset other contractual and economic increases and higher fuel costs. Labour costs decreased due to scheduling efficiencies, cost containment initiatives that reduced overall staffing levels and a $1.1 million WorkSafe BC Certificate of Recognition refund. Service levels for 2013 include the full annual impact of service added in April and December 2012.

Corporate expenditures were $6.7 million (25.1 per cent) higher than 2012. The increase is mainly due to a provision for a delay in the sublease of the Gateway tower and one-time costs for the move to Sapperton.

Rail Division expenditures were $1.0 million (0.8 per cent) higher mainly due to costs relating to the Expo Line propulsion power system upgrade, increased rail car leases, hydro rates, and general economic increases. This was offset by lower property tax resulting from a reclassification of the SkyTrain maintenance facility, automatic train control operating efficiencies and the daytime weekend service reductions on the Expo and Millennium Lines.

Roads and Bridges operating expenses were $8.0 million (25.9 per cent) higher due to the timing of invoicing by municipalities. The municipalities govern when the work is done in their jurisdictions and work schedules are dependent on factors such as weather. This was partially offset by lower actual costs for road maintenance.

Transit Police operating expenditures were $0.7 million (5 3 per cent) higher. Major differences include length of service wage increases, benefit costs associated directly to Transit Police, and mandatory training costs.

Depreciation and interest was $7.4 million (4 5 per cent) higher than in 2012 year to date due to an increase in capitalizable assets.

Actual vs Budget

A favourable variance of $40.1 million (5.5 per cent) to budget year to date resulted mainly from lower capital infrastructure transfer payments for Roads and Bridges along with lower costs in the bus and rail divisions.

The Bus Division operating expenditures were $9.8 million (3.1 per cent) favourable to budget. Wages and salaries are lower due to continued efficiencies in the delivery of service, management of overtime and staffing levels and temporary position vacancies. Corporate benefits are lower due to favourable rates, usage experience and a Worksafe BC Certificate of Recognition refund. Fuel and insurance costs are favourable due to lower than planned diesel prices and vehicle insurance rates.

The Rail Division's operating expenditures for the first half of 2013 were $4.2 million (3.5 per cent) below budget due to lower than expected inflationary increases in contractual Canada Line payments, lower diesel fuel rate increases, hiring delays, timing differences in maintenance, and the timing of Compass implementation.

Roads and Bridges year-to-date expenditures are $21.8 million (36 per cent) lower than budget due to the timing issues of invoicing from municipalities and lower spending on the Pattullo Bridge feasibility study.

Transit Police favourable budget variance of $1.7 million (10.7 per cent) is mainly due to staff vacancies offset by the increase in benefits. Timing differences in administration and material costs accounted for the balance of the favourable variance.

Depreciation and interest was $2.9 million (1.7 per cent) favourable to budget due to the timing of project completions.

Forecast

Cost savings initiatives and favourable variances will continue in the last half of the year. Expenditures are forecast to be under budget at year end by $67.1 million (4.4 per cent). The timing for the implementation of Compass Card will push some one-time costs originally expected in 2013, into 2014 and lower transfer payments to municipalities for Roads and Bridges is expected

Consolidated Expenses by Category

Consolidated Expenditures by Category	YTD Actual 2012	YTD Actual 2013	Year over Year Change	Year over Year %	YTD Budget 2013	YTD Budget Variance Fav./ (Unfav.)	YTD Budget Variance %	Q2 Forecast 2013	Annual Budget 2013	Annual Forecast Variance Fav./ (Unfav.)	Annual Forecast Variance %
Administration	11,328	12,648	1,319	11.6%	14,473	1,825	12.6%	26,229	30,491	4,262	14.0%
AirCare	8,238	8,035	(203)	(2.5%)	8,465	430	5.1%	16,802	17,161	359	2.1%
Amortization of Capital Assets	76,520	84,124	7,604	9.9%	88,385	4,261	4.8%	167,035	176,770	9,736	5.5%
Capital Infrastructure contributions	6,019	18,459	12,440	206.7%	36,413	17,954	49.3%	71,626	72,825	1,199	1.6%
Contracted Services	93,563	91,609	(1,953)	(2.1%)	99,752	8,142	8.2%	189,911	222,071	32,160	14.5%
Fuel and Power	33,416	34,359	942	2.8%	35,375	1,017	2.9%	69,784	70,928	1,144	1.6%
Insurance	8,980	8,301	(678)	(7.6%)	10,372	2,070	20.0%	19,146	20,911	1,765	8.4%
Interest	88,062	87,822	(240)	(0.3%)	86,469	(1,352)	(1.6%)	177,248	180,215	2,967	1.6%
Maintenance, Materials and Utilities	56,639	51,984	(4,654)	(8.2%)	49,438	(2,547)	(5.2%)	107,411	107,959	549	0.5%
Professional and Legal	7,458	5,568	(1,890)	(25.3%)	11,612	6,044	52.1%	21,092	26,386	5,294	20.1%
Rentals, Leases and Property Tax	18,184	27,061	8,877	48.8%	21,245	(5,816)	(27.4%)	48,077	44,306	(3,771)	(8.5%)
Salaries, Wages and Benefits	263,985	261,542	(2,443)	(0.9%)	270,237	8,695	3.2%	542,962	554,377	11,415	2.1%
Provision for Asset Valuation	-	605	605	-	-	(605)	-	-	-	-	0.0%
PSAB/GAAP Total	672,392	692,117	19,725	2.9%	732,235	40,118	5.5%	1,457,323	1,524,400	67,077	4.4%
Funding Adjustments:											
AirCare	(8,238)	(8,035)	203	2.5%	(8,531)	(496)	(5.8%)	(16,802)	(17,293)	(491)	(2.8%)
Amortization of Capital Assets	(72,130)	(79,814)	(7,683)	(10.7%)	(82,326)	(2,513)	(3.1%)	(157,389)	(164,653)	(7,264)	(4.4%)
Government Funding Admin	(57)	(35)	22	37.9%	(48)	(12)	-	(97)	(101)	(3)	(3.4%)
Interest	(33,322)	(33,456)	(134)	(0.4%)	(33,629)	(173)	(0.5%)	(67,407)	(67,566)	(159)	(0.2%)
GEB Capital Payments	27,033	27,274	241	0.9%	27,375	102	0.4%	55,097	55,204	107	0.2%
MRN Capital Funding	(6,019)	(18,459)	(12,440)	(206.7%)	(36,413)	(17,954)	(49.3%)	(71,626)	(72,825)	(1,199)	(1.6%)
Principle Repayments	39,472	37,278	(2,193)	(5.6%)	37,281	3	0.0%	72,801	72,803	2	0.0%
Debt Repayment Reserves	8,717	9,594	877	10.1%	9,594	0	-	20,868	33,824	12,957	38.3%
Funded Total	627,847	626,464	(1,383)	(0.2%)	645,539	19,075	3.0%	1,292,766	1,363,793	71,027	5.2%

Year over Year

The most notable increases over last year include amortization of capital assets, capital infrastructure contributions, and leases.

Infrastructure payments were $12.4 million (206.7 per cent) higher due to timing differences for municipal contributions. The municipalities govern when the work is done in their jurisdictions and work schedules are dependent on weather. Contributions are recorded when TransLink is invoiced.

Rentals, Leases and Property Taxes were higher in 2013 by $8.9 million (48.8 per cent) due to one-time costs related to the move to the new Sapperton office and a provision for delay in the sublease of Gateway offices. Property taxes were $0.8 million lower than 2012 with a successful appeal for a reassessment of the SkyTrain maintenance facility.

Administration costs are $1.3 million (11.6 per cent) higher than 2012 mainly due to the timing of purchase of fare media which will be on track by year end.

Contracted services are $2.0 million (2.1 per cent) lower than 2012. Contractual payments to the Canada Line are $0.7 million lower in 2013. The balance represents a reclassification of expenses within the Rail Division to maintenance, materials and utilities.

Maintenance, materials and utilities include revenue vehicle costs $4.6 million lower than 2012 costs year-to-date and the roads and bridges maintenance costs were $5.0 million lower than 2012. The balance of the variance is a reclassification of expenses within the Rail Division from the contracted services category.

Salaries are lower by $2.4 million (0.9 per cent) over 2012. This is driven by scheduling efficiencies, cost containment initiatives and a WorkSafe BC refund.

Actual vs. Budget

The forecast is expected to be $4.3 million (14.0 per cent) under budget, consisting of lower fare media costs due to timing of the Compass Card program of $3.2 million; $0.7 million lower computers and systems costs; $0.3 million lower training costs; and $0.2 million lower marketing, communication and research costs.

Year-to-date amortization of capital assets is under budget by $4.3 million (4.8 per cent) due to the timing of capital project completion. At year-end it is expected that amortization costs will be $9.7 million (5.5 per cent) under budget due to the timing of completion of projects.

Capital infrastructure contributions are the largest contributor to the favourable variance to budget. Expenditures are $18.0 million (49.3 per cent) lower due to timing.

Contracted services are under budget by $8.1 million. Canada line performance payments are $1.2 million lower than budget due to lower than expected inflationary increases. Compass Card costs are down $2.4 million from budget due to timing, and the balance reflects a reclassification of expenditures within the Rail Division to maintenance, materials and utilities of $4.5 million.

Fuel and Power is lower than budget as a result of both lower diesel prices and hydro usage.

Insurance costs are lower due to lower rates.

Interest expense is over budget by $1.4 million (1.6 per cent), due to the timing of capital spending.

Maintenance, materials and utilities are $2.5 million over budget due to the reclassification of expenditures from contracted services of $4.5 million offset by timing issues which will be remedied at year end.

Professional and legal fees are $6.0 million (52.1 per cent) lower than budget due to the timing of contract completions on studies and other one-time projects.

Rentals, leases and property taxes are $5.8 million (27.4 per cent) higher than budget due to the provision for the sublease.

Some of the cost containment initiatives and scheduling efficiencies in the Bus Division are reflected in the favourable variance showing in salaries, wages and benefits. Also included in this variance is the result of vacant positions throughout the organization.

Forecast

Except for the timing variances, trends in the first half are expected to continue through to the end of the year.

4. Investment in Capital Assets

Capital Program Summary – June 30, 2013

($ amounts in thousands)

		Budgets		Actual		Forecasts/Variances			
Description	Number of Projects	Original	Current	Prior to 2013	2013	2013 Actuals and Forecasts	Final Forecast Total	Variance to Current Budget	Government Funding
Opening Balance as at Jan 01 2013	**199**	**2,115,837**	**2,140,127**	**1,005,890**	**-**	**456,250**	**2,099,691**	**40,436**	**670,818**
Add: Adhoc Projects	6	5,198	5,198	-	296	2,399	4,984	214	-
Less: Projects Closed during 2013	(14)	(7,396)	(5,652)	(4,125)	(136)	(136)	(4,261)	(1,391)	-
Budget Changes		(40,619)	(48,904)	-	128	(28,716)	(40,682)	(8,222)	-
AiP Projects Cancelled in 2013	(23)	(7,581)	(7,581)	-	-	(7,227)	(7,581)	-	
Substantially Complete	(50)	(818,862)	(829,548)	(762,658)	(33,663)	(41,242)	(804,979)	(24,569)	(298,443)
Actual Costs and Forecast Changes for Active Projects					123,920	(117,222)	(10,174)	10,174	
Total Capital Program (excl Substantially Complete)	**118**	**1,246,577**	**1,253,640**	**239,107**	**90,545**	**264,106**	**1,236,998**	**16,642**	**372,375**
Active Projects (excl Substantially Complete) (A)	79	1,137,016	1,144,079	239,107	90,545	240,494	1,127,437	16,642	372,375
AiP Projects as on June 30 2013 (B)	39	109,561	109,561	-	-	23,612	109,561	-	-
Total Capital Program (excl Substantially Complete) (A)+(B)	**118**	**1,246,577**	**1,253,640**	**239,107**	**90,545**	**264,106**	**1,236,998**	**16,642**	**372,375**

Closed Projects

A total of fourteen projects with an aggregate cost of $4.3 million and an aggregate budget of $5.7 million were completed up to June 30, 2013. These projects had a total favourable variance of $1.4 million. TransLink regularly monitors the budgeted contingencies to ensure levels are appropriate. Of the projects closed in 2013, contingency made up 6 per cent of the total budget and 2 per cent was utilized.

Cancelled Projects

A total of twenty-three AIP projects with a budget of $7.6 million have been cancelled from the 2013 program. These projects were reviewed for risk, prioritized, and cancelled to proactively manage costs, to rebalance spare ratios, or resource capacity.

Substantially Complete Projects

Fifty projects with a total cost of $805.0 million and a related budget of $829.5 million were deemed substantially complete and in the final stages of project activity, with approximately $8.7 million remaining to be spent. The total expected favourable variance for these projects is $24.6 million or 3.0 per cent.

Active Projects

($ amounts in thousands)

		Budgets		Actuals		Forecasts/Variances			
	Number of Projects	Original	Current	Prior to 2013	2013 Actuals	2013 Actuals & Forecast	Final Forecast Total	Variance to Current Budget	Government Funding
Equipment	14	11,005	11,006	291	580	4,860	8,409	2,597	-
Facilities	20	212,873	214,050	76,998	16,166	37,878	209,585	4,465	103,643
Infrastructure	20	304,067	314,664	111,159	27,182	89,594	309,176	5,488	160,181
Major Construction	1	418,192	405,841	9,468	30,717	66,320	405,729	112	-
Minor Capital Account	1	700	6,808	-	937	2,687	6,808	-	-
Technology Applications	14	31,234	32,842	11,206	5,469	12,571	30,347	2,495	3,004
Vehicle - Non-Revenue	1	547	547	-	-	389	547	-	-
Vehicle - Other	2	13,140	14,685	-	5,845	10,784	13,889	796	12,276
Vehicle - Convention Revenue	6	145,258	143,636	29,985	3,649	15,411	142,947	689	93,271
Grand Total	**79**	**1,137,016**	**1,144,079**	**239,107**	**90,545**	**240,494**	**1,127,437**	**16,642**	**372,375**

As at June 30, 2013, there were seventy-nine active projects with a current budget of $1.1 billion. The forecasted active project variance of $16.6 million or 1.5 per cent was primarily made up of the following projects:

Equipment: Variance of $2.6 million or 23.6 per cent of the related current budget

The major component of this variance is the SkyTrain West Vancouver Transit TMAC System Project (0716) being under budget by $2.5 million due to the scope of work being reduced by TransLink and CMBC.

Facilities: Variance of $4.5 million or 2.1 per cent of the related current budget

The major component of this variance is the TransLink Head Office Project (1014) being under budget by $3.9 million due to procurement savings in furniture, lighting, and audio visual equipment costs.

Infrastructure: Variance of $5.5 million or 1.7 per cent of the related current budget

The major components of this variance are:

- The Canada Line Bus Loops Project (0620) being under budget by $1.4 million due to unused contingency.
- The Trolley Overhead Rectifier Station Replacement Project (0908) being under budget by $2.4 million due to savings in rectifier construction and installation costs and unused contingency.

Technology Applications: Variance of $2.5 million or 7.6 per cent of the related current budget

The major components of this variance are:

- The SkyTrain Switch Control RCIU Replacement Project (123005) being under budget by $1.2 million due to savings in contract award.
- The SkyTrain Fibre Optic System Upgrade Project (0905) being under budget by $0.5 million due to unused contingency.

Approval in Principle Projects

At the period ending June 30, 2013, there were thirty-nine projects that had not yet started with a total Approval in Principle (AiP) budget of $109.6 million. The largest projects are the Metrotown Station and Exchange Upgrade Construction with a budget of $35.0 million, Commercial-Broadway SkyTrain Station Phase 2 Upgrade Construction with a budget of $32.2 million, and New Westminster SkyTrain Station Upgrade with a budget of $9 million.

The remaining projects include TransLink projects such as various SkyTrain station upgrade designs, IT replacement enhancement projects totaling $13.1 million; $9.7 million for Rail Division projects such as Linear Induction Motor rail replacement, and elevator and SkyBridge improvements; and $10.5 million for other Bus Division projects such as facilities and infrastructure improvements, and technology equipment replacements.

5. Changes in Financial Position

Changes in Financial Position as at June 30, 2013
(in thousands of dollars)

	June 30 2013	Dec 31 2012	Change from 2012	% Change
Financial Assets				
Cash	87,737	187,093	(99,356)	(53.1%)
Accounts receivable	226,896	107,037	119,859	112.0%
Restricted cash and investments	434,656	359,896	74,760	20.8%
Investments	156,363	114,271	42,092	36.8%
Debt reserve deposits	41,874	41,263	611	1.5%
Liabilities				
Accounts payable and accrued liabilities	234,339	222,694	11,645	5.2%
Debt	2,077,086	2,042,039	35,047	1.7%
Deferred government transfer	1,268,725	1,137,878	130,847	11.5%
Employee future benefits	83,686	78,251	5,435	6.9%
Deferred concessionaire credits	630,674	642,215	(11,541)	(1.8%)
Golden Ears Bridge contractor liability	1,038,938	1,032,744	6,194	0.6%
Deferred lease inducements - net	3,394	1,650	1,744	105.7%
Non-Financial Assets				
Tangible capital assets	$ 4,434,543	$ 4,391,311	$ 43,232	1.0%
Supplies inventory	$ 38,719	$ 37,843	$ 876	2.3%
Prepaid expenses	$ 16,565	$ 8,431	$ 8,134	96.5%

Financial Assets

Accounts receivable has increased $119.9 million primarily due to the accrual for property tax revenue which will be paid to TransLink in August, offset by payments received from the Federal Build Canada Fund.

Restricted cash and investments increased by $74.8 million primarily due to the receipt of gas tax contributions. Gas tax fundings are received in advance and held in restricted funds until the funds are spent on the specified capital assets.

Liabilities

Deferred government transfer has increased $130.8 million primarily because of the receipt of gas tax contributions, which are used to fund specified capital assets. The receipts are held as deferred until the

asset holding period stipulated in the related agreement has been met. Revenue is recognized once any asset holding periods have been met.

Deferred concession credits represent funding provided by the Canada Line Concessionaire. This balance is amortized to income on a straight line basis over the operating term of the concessionaire agreement which will expire in July 2040.

The Golden Ears bridge contractor liability has increased as interest accumulates on the outstanding balance until principal payments commence in 2015.

Deferred lease inducements primarily represent tenant inducements related to TransLink's new head office. This balance is amortized as a reduction of rental expense over the lease term to 2033.

Non-Financial Assets

Tangible capital assets have increased by $43.2 million primarily as a net result of the $128.0 million in additions less the amortization of $84.1 million. The additions of $128.0 million were primarily comprised of $35.0 million of vehicles, $7.0 million of CCTV bus cameras, $6.0 million of SkyTrain system upgrades and the remaining additions of $75.0 million related to work in progress. Additions to work in progress are primarily comprised of $13.4 million related to Compass Card and Fare Gates, $29.2 million related to TransLink's Evergreen Line assets and $12.4 million of TransLink Head Office Leasehold improvements.

6. Liquidity and Capital Resources

Cash Flows and Liquidity

The liquidity position declined due to the timing of capital expenditures and property tax revenues, which are receivable in August.

Unrestricted cash and near cash equivalent investments, such as money market funds, were as follows:

	June 30 2013	***Dec 31 2012***	***Change***
Cash	$87,737	$187,093	-$99,356
Investments – unrestricted (near cash equivalent)	$133,826	$84,851	+$48,975
	$221,563	$271,944	-$50,381

TransLink's liquidity position is further supported by a $500 million commercial paper program, of which only $180 million has been issued.

Debt

TransLink's debt management policy includes self-imposed debt coverage and debt service coverage limits. TransLink continues to remain within these limits.

Maintaining a high-quality credit rating is essential to ensure that TransLink can continue to access capital markets in a most cost-effective basis when it needs to borrow to fund its capital program. The following table summarizes TransLink's current credit ratings and outlooks:

Agency	**Commercial Paper**	**Senior Debt**	**General Obligation**	**Outlook**
DBRS Limited	R-1 mid	AA	AA	Stable
Moody's Investors Service	Not rated	Aa2	Aa2	Stable

7. Appendices and Consolidated Financial Statements

Schedule 1 Consolidated Financial Statements

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Financial Position
(in thousands of dollars)

June 30, 2013, with December 31, 2012 comparative figures

	June 30 2013	December 31 2012
FINANCIAL ASSETS		
Cash	$ 87,737	$ 187,093
Accounts receivable	226,896	107,037
Restricted cash and investments	434,656	359,896
Investments	156,363	114,271
Debt reserve deposits	41,874	41,263
	947,526	809,560
LIABILITIES		
Accounts payable and accrued liabilities	234,339	222,694
Debt	2,077,086	2,042,039
Deferred government transfer	1,268,725	1,137,878
Employee future benefits	83,686	78,251
Deferred concessionaire credits	630,674	642,215
Golden Ears Bridge contractor liability	1,038,938	1,032,744
Deferred lease inducements	3,394	1,650
	5,336,842	5,157,471
NET DEBT	(4,389,316)	(4,347,911)
NON-FINANCIAL ASSETS		
Tangible capital assets	$ 4,434,543	$ 4,391,311
Supplies inventory	38,719	37,843
Prepaid expenses	16,565	8,431
	4,489,827	4,437,585
Accumulated Surplus	$ 100,511	$ 89,674

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Operations and Changes in Fund Balances
(in thousands of dollars)

Six months ended June 30, 2013 and 2012

	2013 Budget	2013 Actual	2012 Actual (restated)
Revenue:			
Taxation	$ 355,129	$ 361,031	$ 348,905
Transit	246,145	242,163	226,550
Golden Ears Bridge tollings	19,353	18,656	18,461
Emissions testing	10,496	10,286	10,426
Government transfers	42,854	41,376	40,018
Amortization of deferred concessionaire credit	11,417	11,541	11,604
Interest income	17,551	16,343	14,434
Miscellaneous revenue	890	1,755	1,938
Gain (loss) on disposal of tangible capital assets	-	(197)	40,949
	703,835	702,954	713,285
Expenses:			
Aircare	8,531	8,035	8,238
Bus division	383,675	372,584	378,388
Corporate	39,825	40,413	30,400
Rail division	174,845	169,611	161,530
Roads & Bridges	109,901	87,669	80,729
Transit Police	15,457	13,805	13,107
	732,234	692,117	672,392
(Deficit) surplus for the period	(28,399)	10,837	40,893
Accumulated surplus, beginning of period	82,817	89,674	99,029
Accumulated surplus, end of period	$ 54,418	$ 100,511	$ 139,922

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Changes in Net Debt
(in thousands of dollars)

Six months ended June 30, 2013 and 2012

	2013 Actual	2012 Actual
Surplus for the period	$ 10,837	$ 40,893
Acquisition of tangible capital assets	(127,961)	(68,969)
Amortization of tangible capital assets	84,124	76,520
Gain (loss) on disposal of tangible capital assets	197	(40,949)
Net proceeds from disposal of capital assets	(197)	51,516
Write down of tangible capital assets	605	-
	(43,232)	18,118
Change in supplies inventory	(876)	(708)
Change in prepaid expenses	(8,134)	(7,714)
	(9,010)	(8,422)
Decrease (increase) in net debt	(41,405)	50,589
Net debt, beginning of period	(4,347,911)	(4,374,261)
Net debt, end of period	$ (4,389,316)	$ (4,323,672)

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Cash Flows
(in thousands of dollars)

Six months ended June 30, 2013 and 2012

	2013	2012
Cash provided by (used for):		
Operating Transactions:		
Surplus for the period	$ 10,837	$ 40,893
Non-cash charges to operations	48,829	1,933
Changes in non-cash operating working capital	(111,789)	(182,303)
Net change in cash from operating transactions	(52,123)	(139,477)
Capital Transactions:		
Purchase of capital assets	(52,646)	(62,613)
Purchase of capital assets funded by government transfers	(75,315)	(6,356)
Net proceeds from disposal of capital assets	(197)	51,516
Net change in cash from capital transactions	(128,158)	(17,453)
Investing Transactions:		
Increase in restricted cash and investments	(74,760)	(90,768)
Decrease (increase) in investments	(42,092)	105,087
Increase in debt reserve deposits	(611)	(632)
Net change in cash from investing transactions	(117,463)	13,687
Financing Transactions:		
Debt proceeds	90,461	130,000
Issue costs on financing	-	(1,569)
Repayments of debt	(56,591)	(40,830)
Government transfers received for capital additions	162,491	1,987
Lease inducements received - net	2,027	(92)
Net change in cash from financing transactions	198,388	89,496
Decrease in cash	(99,356)	(53,747)
Cash, beginning of period	187,093	94,290
Cash, end of period	$ 87,737	$ 40,543
Supplementary information:		
Interest paid	$ 83,218	$ 80,226

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Cash Flows (continued)
(in thousands of dollars)

Six months ended June 30, 2013 and 2012

	2013	2012
Non-cash charges to operations:		
Amortization of capital assets	$ 84,124	$ 76,520
Amortization of bond discount	823	1,141
Amortization of debt issue cost	354	535
Amortization of deferred concessionaire credits	(11,541)	(11,604)
Amortizaton of deferred government transfers	(31,644)	(30,042)
Amortizaton of deferred lease inducements	(283)	-
Interest accretion on contractor liability	6,194	6,332
Write down of tangible capital assets	605	-
(Gain) loss on disposal of capital assets	197	(40,949)
	$ 48,829	$ 1,933
Changes in non-cash operating working capital:		
Increase in accounts receivable	$ (119,859)	$ (151,210)
Increase in supplies inventory	(876)	(708)
Increase in prepaid expenses	(8,134)	(7,714)
Increase (decrease) in accounts payable and accrued liabilities	11,645	(26,721)
Employee future benefit payable	5,435	4,050
	$ (111,789)	$ (182,303)

South Coast British Columbia Transportation Authority
Segment Report
Six months ended June 30, 2013
(in thousands of dollars)

	Aircare	Bus division	Corporate	Rail division	Road & Bridge	Transit Police	2013	2012
Revenues:								
Taxation	$ -	$ -	$ 361,031	$ -	$ -	$ -	$ 361,031	$ 348,905
Transit	-	-	242,163	-	-	-	242,163	226,550
Golden Ears Bridge tollings	-	-	-	-	18,656	-	18,656	18,461
Emissions testing	10,286	-	-	-	-	-	10,286	10,426
Government transfers	-	-	41,287	-	89	-	41,376	40,018
Amortization of deferred concessionaire credit	-	-	-	11,541	-	-	11,541	11,604
Interest income	-	-	16,343	-	-	-	16,343	14,434
Miscellaneous revenue	-	1,084	459	166	-	46	1,755	1,938
Gain (loss) on disposal of tangible capital assets	-	(197)	-	-	-	-	(197)	40,949
	10,286	887	661,283	11,707	18,745	46	702,954	713,285
Expenses								
Administration	134	6,214	3,769	1,628	154	883	12,782	11,458
Amortization of capital assets	-	39,724	4,234	30,742	9,417	7	84,124	76,520
Capital infrastructure contributions	-	-	-	-	18,459	-	18,459	6,019
Contracted services	7,225	32,396	-	55,640	5,515	-	100,776	101,017
Fuel and power	-	28,267	-	6,092	-	-	34,359	33,417
Insurance	2	5,561	84	2,066	570	20	8,303	8,982
Interest	-	25,678	2,735	19,865	39,539	5	87,822	88,062
Maintenance, materials and utilities	6	23,762	612	13,468	11,697	504	50,049	56,641
Professional & legal	8	907	3,005	579	954	122	5,575	7,481
Rentals, leases and property tax	66	7,652	12,208	6,682	47	472	27,127	18,251
Salaries, wages and benefits	594	202,423	13,766	32,244	1,317	11,792	262,136	264,544
Write-down of tangible capital assets	-	-	-	605	-	-	605	-
	8,035	372,584	40,413	169,611	87,669	13,805	692,117	672,392
Surplus (deficit) for the period	$ 2,251	$(371,697)	$ 620,870	$(157,904)	$ (68,924)	$ (13,759)	$ 10,837	$ 40,893

Schedule 2 Funded Statement of Operations

TransLink (Excluding AirCare)
2013 Revenue and Expenditure Summary Statement
On a Funded Basis
$000's

	YTD 2012 Actual	YTD 2013 Actual	Year over Year Change	Year over Year %	YTD 2013 Budget	Budget Variance Fav./ (Unfav.)	Budget Variance %	ANNUAL 2013 Forecast	ANNUAL 2013 Budget	ANNUAL Fav./(Unfav.) to Budget
A. Revenues and Expenditures										
Revenues										
Transit Revenues	226,550	242,163	15,612	6.9%	246,145	(3,983)	(1.6%)	497,546	500,616	(3,070)
Golden Ears Bridge Toll Revenues	18,461	18,656	195	1.1%	19,353	(697)	(3.6%)	38,706	40,111	(1,405)
Taxation										
Fuel	160,281	167,307	7,025	4.4%	162,391	4,916	3.0%	341,569	335,136	6,433
Property and Replacement	152,750	157,043	4,293	2.8%	157,063	(20)	(0.0%)	314,064	314,064	-
Hydro Levy	9,446	9,393	(53)	(0.6%)	9,590	(197)	(2.1%)	19,320	19,518	(197)
Parking Sales	26,428	27,289	861	3.3%	26,086	1,203	4.6%	54,653	52,910	1,743
Total Taxation Revenue	**348,905**	**361,031**	**12,125**	**3.5%**	**355,129**	**5,902**	**1.7%**	**729,606**	**721,627**	**7,979**
Interest Income	1,508	2,121	613	40.6%	2,808	(687)	(24.5%)	4,957	7,336	(2,379)
Operating Contribution	9,938	9,731	(207)	(2.1%)	9,727	4	0.0%	19,660	19,497	163
Miscellaneous Revenue	1,935	1,755	(180)	-	890	865	97.2%	2,383	1,713	670
Gain on disposal	40,949	(197)	(41,146)	(100.5%)	-	(197)	-	-	13,000	(13,000)
Total Revenues	**648,248**	**635,260**	**(12,988)**	**(2.0%)**	**634,052**	**1,208**	**0.2%**	**1,292,857**	**1,308,899**	**(11,042)**
Expenditures										
Roads & Bridges										
Major Road Network Operation	17,127	11,730	(5,396)	(31.5%)	12,238	508	4.2%	25,972	30,018	4,046
Golden Ears Bridge Operations	5,913	6,230	317	5.4%	6,576	346	5.3%	12,726	13,506	779
Admin	1,696	2,294	598	35.3%	5,250	2,956	56.3%	6,458	10,733	4,275
Total Roads & Bridges	**24,736**	**20,254**	**(4,482)**	**(18.1%)**	**24,065**	**3,811**	**15.8%**	**45,156**	**54,256**	**9,101**
Transit										
Bus Division										
Coast Mountain Bus Company	269,515	273,345	3,830	1.4%	282,081	8,736	3.1%	555,049	570,631	15,582
Access Transit	24,607	25,054	448	1.8%	25,204	150	0.6%	49,923	50,358	436
Other Contractors	9,499	9,280	(219)	(2.3%)	9,719	439	4.5%	19,127	19,566	439
Total Bus Division	**303,621**	**307,680**	**4,059**	**1.3%**	**317,005**	**9,325**	**2.9%**	**624,099**	**640,556**	**16,457**
Rail Division										
Expo & Millennium Lines	50,000	50,725	725	1.4%	53,640	2,915	5.4%	104,945	110,317	5,372
West Coast Express	14,793	15,463	670	4.5%	15,689	226	1.4%	32,521	31,964	(557)
Canada Line	53,077	52,816	(261)	(0.5%)	53,937	1,121	2.1%	106,948	108,800	1,852
Total Rail Division	**117,870**	**119,004**	**1,134**	**1.0%**	**123,265**	**4,262**	**3.5%**	**244,415**	**251,081**	**6,666**
Total Transit	**421,491**	**426,684**	**5,193**	**1.2%**	**440,270**	**13,586**	**3.1%**	**868,514**	**891,637**	**23,123**
TransLink	**34,828**	**33,410**	**(1,419)**	**(4.1%)**	**32,677**	**(732)**	**(2.2%)**	**70,791**	**90,310**	**19,519**
Transit Police	**13,067**	**13,793**	**726**	**5.6%**	**15,443**	**1,650**	**10.7%**	**31,172**	**31,224**	**52**
Provision for Contingencies and Reinvestments	-	-	-	-	-	-	-	**8,881**	**9,900**	**1,019**
Interest Expense	**54,741**	**54,366**	**(375)**	**(0.7%)**	**52,841**	**(1,525)**	**(2.9%)**	**109,841**	**112,649**	**2,808**
Depreciation Expense	**4,390**	**4,310**	**(80)**	**(1.8%)**	**5,993**	**1,682**	**28.1%**	**9,645**	**11,985**	**2,340**
Debt Repayment	**48,189**	**46,872**	**(1,316)**	**(2.7%)**	**46,875**	**3**	**0.0%**	**93,669**	**106,627**	**12,958**
GEB Capital Payments	**27,033**	**27,274**	**241**	**0.9%**	**27,375**	**102**	**0.4%**	**55,097**	**55,204**	**107**
Total Expenditures	**628,475**	**626,962**	**(1,513)**	**(0.2%)**	**645,539**	**18,577**	**2.9%**	**1,292,766**	**1,363,793**	**71,027**
Annual Surplus/(Deficit) before AirCare	**19,773**	**8,298**	**(11,475)**	**58.0%**	**(11,487)**	**19,785**	**172.2%**	**91**	**(59,894)**	**59,985**
B. Cumulative Funded Surplus										
Opening Balance	287,720	294,793	7,073	2.5%	275,011	19,782	7.2%	294,793	275,011	19,782
Surplus/(Deficit) for the year	19,773	8,298	(11,475)	(58.0%)	(11,487)	19,785	172.2%	91	(59,894)	59,985
Closing Balance	307,493	303,091	(4,402)	-1.4%	263,524	39,567	15.0%	294,884	215,117	79,767

* The funded statement of operations does not include AirCare as it is a self-funded program

Appendix 1 Bus Operations

	YTD Q2 2012 Actual	YTD Q2 2013 Actual	Fav./(Unfav.) Year over Year	YTD Q2 2013 Budget	Fav./(Unfav.) Actual vs. Target
CONVENTIONAL TRANSIT (BUS)					
Customer					
Overall performance rating out of 10	7.7	7.8	0.1	7.6	0.2
Complaints per 1 million boarded passengers	100.0	115.5	(15.5)	104.8	(10.7)
Preventable collisions per million kms.	9.2	7.6	1.6	9.0	1.4
Perception of Safety (On-Board & At stops and exchanges) out of 10	8.4	8.5	0.1	8.5	-
Delivered service hours/scheduled	99.68%	99.48%	(0.20%)	99.50%	(0.02%)
Internal Effectiveness					
Operating Cost per capacity kilometre	$0.116	$0.118	$(0.002)	$0.121	$0.003
Mean distance between vehicle failures	27,610	26,151	(1,459)	31,650	(5,499)
People					
Lost time frequency (per 200,000 hours worked)	6.16	6.71	(0.55)	5.51	(1.20)
Service Statistics					
Service Hours	2,475,369	2,421,152	(54,217)	2,445,052	(23,900)
Service Kilometres	48,196,035	48,086,396	(109,639)	48,119,456	(33,060)
CMBC					
Customer					
Overall performance rating out of 10	7.6	7.7	(0.1)	7.6	0.1
Complaints per 1 million boarded passengers	100.6	115.9	(15.3)	108.8	(7.1)
Preventable collisions per million kms.	9.3	7.5	1.8	4.2	(3.3)
Perception of Safety (On-Board & At stops and exchanges) out of 10	8.4	8.5	0.1	8.5	-
Delivered service hours/scheduled	99.66%	99.47%	(0.19%)	99.50%	(0.03%)
Internal Effectiveness					
Operating Cost per capacity kilometre	$0.116	$0.118	$(0.002)	$0.134	$0.016
Mean distance between vehicle failures	29,208	28,718	(490)	31,650	(2,932)
People					
Lost time frequency (per 200,000 hours worked)	6.16	6.71	(0.55)	5.51	(1.20)
Service Statistics					
Service Hours	2,366,049	2,312,686	(53,363)	2,335,930	(23,244)
Service Kilometres	45,783,555	45,647,701	(135,854)	45,683,456	(35,755)
CONTRACTED SERVICES					
Customer					
Overall performance rating out of 10	8.3	8.3	-	-	-
Complaints per 1 million boarded passengers	80.4	102.2	(21.8)	-	-
Preventable collisions per million kms.	7.5	10.3	2.8	-	-
Perception of Safety (On-Board & At stops and exchanges) out of 10	8.8	8.9	0.1	-	-
Delivered service hours/scheduled	99.96%	99.86%	(0.10%)	99.95%	(0.09%)
Internal Effectiveness					
Operating Cost per capacity kilometre	$0.102	$0.100	$0.002	$0.140	$0.040
Mean distance between vehicle failures	13,553	9,794	(3,759)	-	-
Service Statistics					
Service Hours	109,320	108,466	(854)	109,122	(656)
Service Kilometres	2,412,480	2,438,695	26,215	2,436,000	2,695
ACCESS TRANSIT					
Customer					
Overall performance rating out of 10	8.4	8.3	(0.1)	-	-
Complaints per 1 million boarded passengers	946.5	924.3	22.2	849.1	(75.2)
Preventable collisions per million kms.	13.7	9.8	3.9	-	-
Perception of Safety (On-Board & At stops and exchanges) out of 10	8.9	9.0	0.1	-	-
Delivered service hours/scheduled	100.00%	100.00%	-	100.00%	-
Service Statistics					
Service Hours	298,204	303,663	5,459	297,389	6,274
Service Kilometres	5,029,626	4,977,793	(51,833)	5,001,300	(23,507)

Appendix 2 Rail Operations

	YTD Q2 2012 Actual	YTD Q2 2013 Actual	Fav./(Unfav.) Year over Year	YTD Q2 2013 Budget	Fav./(Unfav.) Actual vs. Target
TOTAL RAIL					
Customer					
Overall performance rating out of 10	8.4	8.4	-	8.3	0.1
Complaints per 1 million boarded passengers	9.9	13.8	(3.9)	8.2	(5.6)
On-time performance % (within 2 minutes) Expo/Millenium	96.00%	95.70%	(0.30%)	94.50%	1.20%
On-time performance % (within 5 minutes) WCE	96.10%	97.50%	1.40%	97.50%	-
Collisions and derailments per million kms.	-	-	-	-	-
Perception of Safety (On-Board & At stops and exchanges) out of 10	8.1	8.3	0.2	7.5	0.8
Internal Effectiveness					
Operating Cost per capacity kilometre	$0.038	$0.039	$(0.001)	$0.042	$0.003
Mean distance between vehicle failures	780,266	792,224	11,958	612,112	180,112
Overall mystery shopper score	92.0%	93.1%	1.1%	92.2%	0.9%
People					
Lost time frequency (per 200,000 hours worked)	2.76	4.07	(1.31)	3.20	(0.87)
Service Statistics					
Service Hours	692,901	667,571	(25,330)	661,130	6,441
Service Kilometres	27,315,273	26,301,190	(1,014,083)	26,039,268	261,922
West Coast Express					
Customer					
Overall performance rating out of 10	8.6	8.5	(0.1)	-	-
Complaints per 1 million boarded passengers	187.6	232.6	(45.0)	171.7	(60.9)
Service reliability (% service hours delivered)	99.9%	100.1%	0.2%	99.9%	0.2%
On-time performance within 5 minutes	96.1%	97.5%	1.4%	97.5%	-
Collisions & Derailments per million kms.	-	-	-	-	-
Perception of Safety (On-Board & At stops and exchanges) out of 10	-	-	-	-	-
Internal Effectiveness					
Operating Cost per capacity kilometre	$0.083	$0.084	$(0.001)	$0.086	$0.002
Mean distance between vehicle failures	139,712	228,570	88,858	229,600	(1,030)
Overall mystery shopper score	85.4%	90.4%	5.0%	87.0%	3.4%
People					
Lost time frequency (per 200,000 hours worked)	-	-	-	-	-
Service Statistics					
Service Hours	20,890	20,534	(356)	20,522	12
Service Kilometres	751,264	737,584	(13,680)	738,525	(941)
Expo & Millenium Line					
Customer					
Overall performance rating out of 10	8.2	8.2	-	8.3	(0.1)
Complaints per 1 million boarded passengers	5.0	6.4	(1.4)	5.1	(1.3)
Service reliability (% service hours delivered)	99.8%	99.6%	(0.2%)	99.8%	(0.2%)
On-time performance %	96.0%	95.7%	(0.3%)	94.5%	1.2%
Collisions & Derailments per million kms.	-	-	-	-	-
Perception of Safety (On-Board & At stops and exchanges) out of 10	7.8	8.1	0.3	7.7	0.4
Internal Effectiveness					
Operating cost per passenger km. *	$0.123	$0.128	$(0.005)	$0.127	(0.00)
Operating cost (excluding energy) per passenger km. *	$0.111	$0.116	$(0.005)	$0.115	$(0.001)
Operating Cost per capacity kilometre	$0.022	$0.023	$(0.001)	$0.025	$0.002
Boardings per service hour *	68.8	68.7	(0.1)	72.7	(4.0)
Utilization (Passenger Kms./Capacity Kms.) *	18.1%	18.0%	(0.1%)	19.5%	(1.5%)
Mean distance between vehicle failures	640,555	563,654	(76,901)	382,512	181,142
Overall mystery shopper score	94.7%	93.1%	(1.6%)	91.0%	2.1%
People					
Lost time frequency (per 200,000 hours worked)	2.76	4.07	(1.31)	3.20	(0.87)
Service Statistics					
Service Hours	574,694	550,415	(24,279)	543,299	7,116
Service Kilometres	23,160,189	22,181,836	(978,353)	21,894,963	286,873
Canada Line					
Customer					
Overall performance rating out of 10	8.7	8.7	-	8.3	0.4
Complaints per 1 million boarded passengers	6.7	12.3	(5.6)	2.7	9.6
Perception of Safety (On-Board & At stops and exchanges) out of 10	8.7	8.8	0.1	8.5	0.3
Internal Effectiveness					
Operating cost per passenger km. *	$0.254	$0.260	$(0.006)	$0.230	$(0.030)
Operating cost (excluding energy) per passenger km. *	$0.254	$0.260	$(0.006)	$0.230	$(0.030)
Operating Cost per capacity kilometre	$0.093	$0.094	$(0.001)	$0.095	$0.001
Boardings per service hour *	208.2	209.2	1.0	233.9	(24.7)
Utilization (Passenger Kms./Capacity Kms.) *	36.7%	35.9%	(0.8%)	41.2%	(5.3%)
Contract adherence monitoring	95.9%	95.8%	(0.1%)	98.5%	(2.7%)
Service Statistics					
Service Hours	97,317	96,622	(695)	97,309	(687)
Service Kilometres	3,403,820	3,381,770	(22,050)	3,405,780	(24,010)

Appendix 3 Allocated Costs between Divisions

Allocated Cost Breakdown
6 Months ending June 30, 2013 (with comparatives for 2012)

($ thousands)

	YTD Actual	YTD Actual	Year over Year		YTD Budget	Variance to Budget		Annual Forecast	Annual Budget	Variance to Budget	
	2012	2013	Change	%	2013	Fav./ (Unfav.)	%	2013	2013	Fav./ (Unfav.)	%
Shared services costs allocated [1]											
CMBC	7,976	9,435	1,460	18.3%	10,005	569	5.7%	21,614	20,338	(1,275)	(6.3%)
BCRTC	145	331	186	56.1%	317	(15)	(4.6%)	720	665	(54)	(8.1%)
WCE	12	31	19	155.6%	30	(1)	(3.3%)	68	65	(3)	(5.1%)
Canada Line	-	-	-	-	-	-	-	-	-	-	-
Police	28	638	610	2150.4%	655	16	2.4%	1,365	1,323	(42)	(3.2%)
TransLink	(8,162)	(10,437)	(2,275)	27.9%	(11,006)	(570)	5.2%	(23,767)	(22,392)	1,375	6.1%
Total	-	-	-	-	-	-	-	-	-	-	-
Costs administered by TransLink and allocated to subsidiaries [2]											
CMBC	9,095	9,386	291	3.2%	10,162	776	7.6%	15,789	20,601	4,812	23.4%
BCTRC	2,101	1,635	(466)	(0)	4,849	3,214	0	3,443	9,698	6,256	64.5%
WCE	5,813	6,488	675	0	6,476	(12)	(0)	13,456	13,435	(20)	(0.2%)
Canada Line	812	1,162	350		1,320	159		1,865	2,641	776	29.4%
Police	-	198	198		434	236		1,272	1,206	(66)	(5.4%)
Total	17,820	18,868	1,048	5.9%	23,242	4,374	18.8%	35,825	47,582	11,758	24.7%
Total Allocated costs to Subsidiaries from TransLink											
CMBC	17,070	18,821	1,751	10.3%	20,167	1,345	6.7%	37,403	40,940	3,537	8.6%
BCRTC	2,247	1,966	(280)	-12.5%	5,166	3,200	61.9%	4,162	10,364	6,201	59.8%
WCE	5,825	6,519	694	11.9%	6,506	(13)	(0.2%)	13,524	13,500	(24)	(0.2%)
Canada Line	812	1,162	350	43.1%	1,320	159	12.0%	1,865	2,641	776	29.4%
Police	28	836	808	0.0%	1,088	252	23.2%	2,637	2,530	(107)	(4.2%)
Total	25,982	29,305	3,323	12.8%	34,248	4,943	14.4%	59,591	69,974	10,383	14.8%

[1] Includes Business Technology & Human Resources costs

[2] Includes property tax, building leases, insurance, fare media costs, and compass card operating costs

* Negatives represent allocations out, positives represent allocations in

Some costs incurred by the Business Technology group and the Human Resources Division are directly related to the operation of the subsidiaries. As a result, it was decided late in 2012 that these costs would be allocated back to the appropriate divisions. Human Resources costs are allocated based on headcounts whereas Business Technology costs are allocated based on operating usage.